Chapter 1

The Blueprint Thesis

A Different Approach to Growth

The odds are one in 50 that an idea becomes a business, one in 20 that a funded business sees an *initial public offering* (IPO) and, finally, one in 20 that a public company achieves $1 billion revenue.[1] The odds of turning an idea into a billion-dollar business, then, are one in 20,000! A long shot. Nevertheless, we chase this dream. We want to be among the few winners.

Why do so many want to take this chance . . . one in 20,000? Do we think we are better than most and can make it? What if we just took a small company public and built it to a $1 billion revenue? Then the odds are better . . . one in 400. Are there enough years in our lives to keep trying in order to learn or be lucky? How many times do we have to try to become a winner?

The Blueprint to a Billion Growth Pattern

In short, what does it take to become a billion-dollar company? I realized that the answer would not come from soft subjects such as organization or leadership theory, or from an examination of divisions or operating units in larger companies. It would come from a quantitative and fact-based analysis of America's fastest growing companies.

Furthermore, the analysis had to hinge on what is often overlooked: *revenue performance*. Every company can invest, even overinvest, to grow. However, not every company can create revenue growth. How many times have you heard a CEO announcing quarterly results stating that earnings did not meet expectations because of a revenue shortfall, yet expenditures met or exceeded budget?

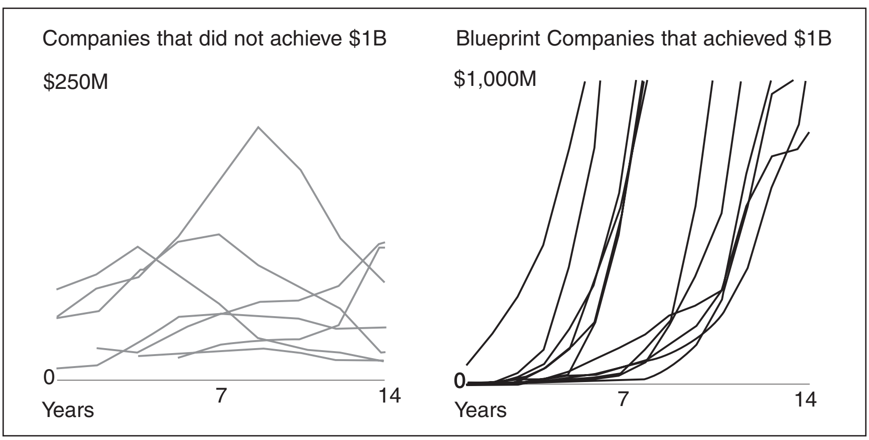
My research began by looking for all of the American companies that grew to $1 billion revenue since going public after 1980. I identified 387 companies out of 7,454. These 387 U.S. companies will be referred to as the *Blueprint Companies*.

The Blueprint Companies have a simple but definable characteristic: They not only grew fast, they exhibited exponential revenue growth. Exponential is super-compounding. It describes companies that can double revenue every year, for example. Growth rates may slow as revenue approaches $1 billion, but these companies still grew at an exponential rate. The non-$1 billion companies had random, linear, or no growth (see Figure 1.1).

This book focuses on these 387 companies and that part of their

FIGURE 1.1

Revenue Growth: The Masses versus Blueprint Companies



Source: Standard & Poor's Compustat, Blueprint analysis

growth up to the $1 billion revenue mark. The success pattern beyond this point is not explored in order to concentrate on this key benchmark.

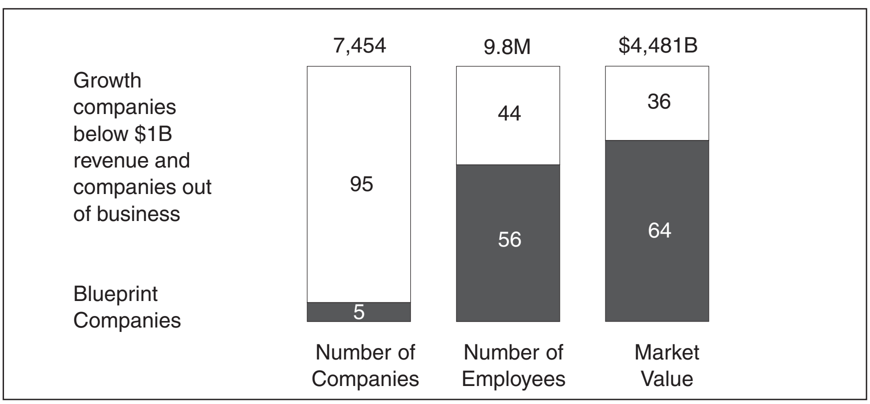
When the Blueprint Companies were compared to the remaining 5,048 companies that went public since 1980 and are still active in 2005 (2,019 of these companies have since gone out of business), I was amazed at the impact such a few companies have achieved (see Figure 1.2).[2]

> Blueprint Companies represent 5 percent of American companies that went public since 1980 and account for 56 percent of employment in 2005 and 64 percent of market value!

The disproportionate success of the Blueprint Companies makes it apparent that they are the heart of America's innovation and growth. These companies are the best-in-class set from which this study draws from. This highly disproportionate ratio suggests that unless their different approach is utilized, the odds were—and are—higher for business teams to be part of the 95 percent than the

FIGURE 1.2

Blueprint Companies Are America's Growth Engine



Source: Standard & Poor's Compustat, Blueprint analysis

5 percent. Do you think you can change your odds by understanding the success pattern of this select set of companies? I did.

No wonder Warren Buffett likes to invest in companies that he knows, companies he can relate to as a customer. Look around and you will find Blueprint Companies everywhere. Their products enhance our everyday lives. They are at the top of their markets. When was the last time you used Microsoft software; used the Internet (which rides on Cisco equipment); searched the Web using Google; sipped a Starbucks latte; shopped on eBay or Amazon.com; purchased products at Williams-Sonoma, Staples, or Home Depot; watched movies from Time Warner; took medicine made by Amgen, Genentech, or MedImmune; used financial services from Charles Schwab; or rode your Harley-Davidson motorcycle? Do you depend on Express Scripts, UnitedHealth Group, or HCA for your health plan?

How could a company selling coffee transform itself into an enterprise that is the 372nd largest company in the United States today?[3] Why could Charles Schwab create exponential revenue growth when others in the same industry, with the same opportunities and resources, could not? How could a little company that made motorcycles become one of the fastest growing firms in America?

> We may think that our situation is unique. And it is. But there is something in common that the minority saw about what to do in order to create a successful company that the rest of us are missing. The numbers prove it.

This book identifies the common essentials exhibited across Blueprint Companies in all industries, it is not about the lessons learned from one or even a few successful companies within one industry. Here we want to discover the roadmap to $1 billion revenue, not $1 billion market value.

The research for this book was driven by the desire to know the answers to the *what* questions such as, "What role did customers play in shaping an exponential growth company?" "What was the investment profile for creating exponential growth—overinvest to grow or become cash flow positive early and scale?" I wanted answers that could be applied to the top and bottom lines in order to achieve exponential growth.

Significant Insights about Blueprint Companies

By first looking at the financial patterns of Blueprint Companies and defining the actions required to create their financial impact, I found that it is possible to reverse engineer the behaviors and skills required. This eliminated the behaviors and actions that were not relevant. As a result, this revealed a set of significant insights that truly created impact.

The common revenue pattern across the Blueprint Companies is a unique pattern that only these kinds of companies demonstrate. Like a rocket, these companies need to be on the right flight trajectory and have the speed to break the pull of gravity—to escape being a mediocre, low-orbiting projectile.

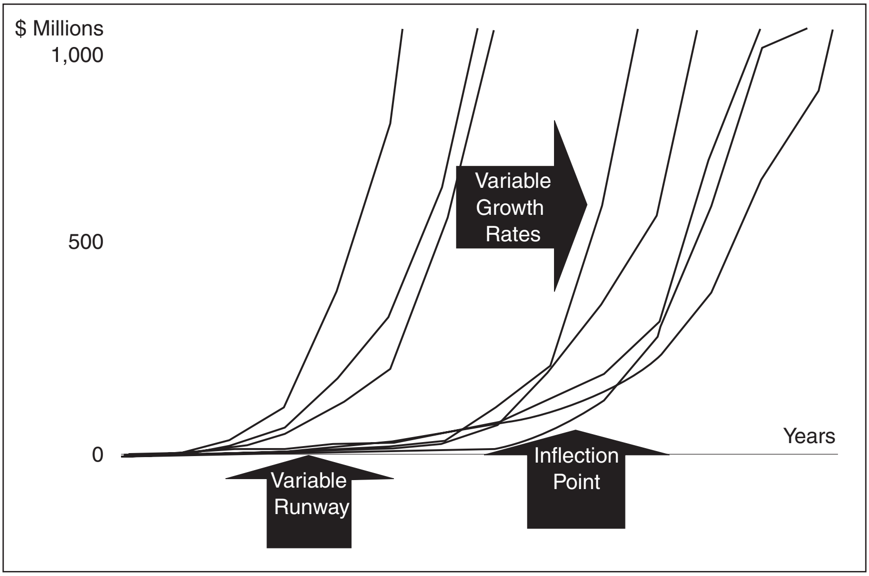
Looking at the revenue curves, I identified three discernible patterns as shown in Figure 1.3.

The *exponential* revenue growth curves have three parts: (1) a variable runway; (2) an inflection point where revenue breaks out into an exponential trajectory; and (3) variable growth rates to $1 billion revenue. Regarding the variable runway, the companies on the left side of Figure 1.3 have a discernibly shorter runway than those on the right side. They have a common inflection point. In some cases, the companies on the left had a similar growth rate as the companies on the right—just the timing was different.

When researchers study business trends, they typically start their analysis at the company's founding year, or at the year of IPO. The Blueprint models are anchored at the *inflection point*—the point where the business demonstrates its breakout to exponential revenue growth. Why? The pattern for starting a company is different

FIGURE 1.3

Exponential Revenue Growth Patterns: Blueprint Company Examples



Source: Standard & Poor's Compustat, Blueprint analysis

from the pattern as it scales to $1 billion revenue. Second, the inflection point marks the moment when the business was fully formed as a system—when it had a pipeline of customers, a product or service that was being shipped, and an organization capable of the functions to sustain ongoing growth. Third, as mentioned above, I identified potential common patterns in the exponential growth rates after the inflection point, even though timing was different.

Utilizing this different approach to analyzing growth, I set out to discover the insights of Blueprint Companies.

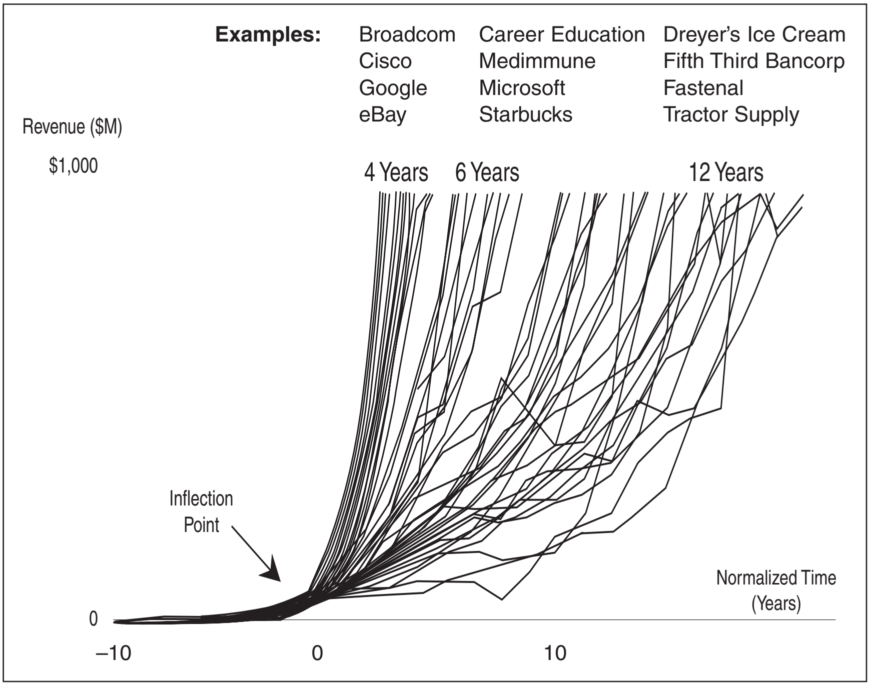
Insight: Growth to $1 Billion Revenue Has Two Distinct Parts

The first significant counterintuitive insight was the timeframe and trajectory of Blueprint Company revenue growth (see Figure 1.4). By centering the revenue curves at the inflection point, also known as *year 0* in normalized time, I found that revenue growth has two distinct parts: the *time to the inflection point* was highly variable from the founding year to the inflection point, which was then followed by *three trajectories to $1 billion revenue* that centered on a four-, six-, or twelve-year trajectory. Since the nature of the curves had fairly consistent exponential revenue growth, this creates a unique opportunity to benchmark growth trajectories.

One might naturally assume that the time to the inflection point is correlated with the trajectory that the business follows to $1 billion revenue. Not true. For example, Google went from its founding to the inflection in two years and went up the front side of the four-year trajectory to become one of the fastest growing companies. In contrast, Cisco took seven years to get to the inflection

FIGURE 1.4

Growth Has Two Parts: Variable Time to Inflection and Three Trajectories to $1 Billion Revenue



Source: Standard & Poor's Compustat, Blueprint analysis

point before going up the four-year trajectory. In an extreme example of a lengthy timeline to the inflection point, Fifth Third Bancorp had its beginnings in the middle of the 19th century. The company passed through the inflection point in the late 1980s to ascend on the back side of the 12-year trajectory to achieve $1 billion in 1994.

With this insight, I started to look at companies at the inflection point. My own business skills fit best with companies from the inflection point to $1 billion revenue versus ones coming from the garage to the inflection. This was a key understanding on the journey to find where my own quantitative skills, combined with 20 years of business experience, could best be utilized. So, where should you focus?

Insight: Blueprint Companies Can Grow in Any Sector

You might believe, as I did, that exponential growth occurs in high-innovation economic sectors such as Information Technology (IT). Given the meteoric rise of Google, eBay, Microsoft, and Cisco, it is not hard to understand why people believe that the most rapid growth in recent years has been in high-tech firms. But is this really the case?

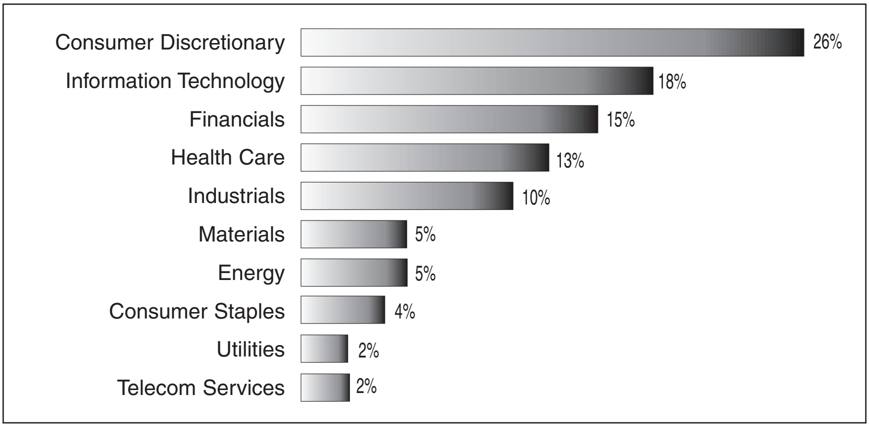
Contrary to popular perceptions, Information Technology accounted for only 18 percent of the Blueprint Companies as shown in Figure 1.5. The Consumer Discretionary sector—that is, retails stores, Internet retail, and the like—actually outrank the tech sector. You know the names because you, your family, and your friends shop at them every day: Staples, Home Depot, AutoZone, Williams-Sonoma, and Best Buy to name a few. What did this mean? America has generated more growth companies in the service sector than many thought.

Insight: The Disproportionate Value of Blueprint Companies

The top 100 of the 387 Blueprint Companies accounted for half of the value created by this set. One billion dollars in revenue pro-

FIGURE 1.5

Frequency of Blueprint Companies: Percent of Blueprint Companies by Economic Sector



Source: Standard & Poor's Compustat, Blueprint analysis

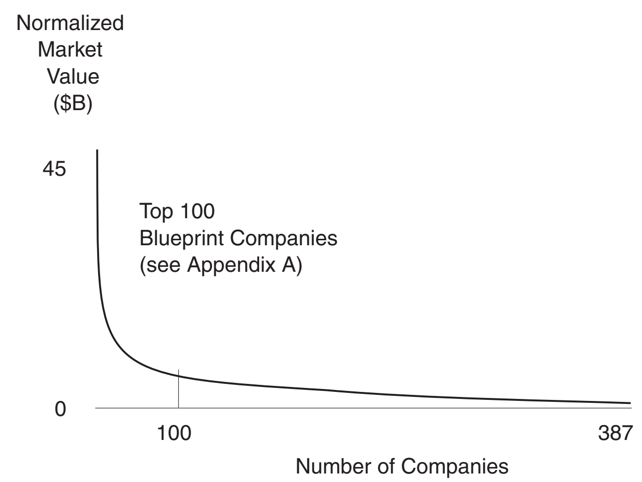
vides management with the opportunity to create shareholder returns extraordinaire. Yet while some Blueprint Companies were highly prized by the market at a billion dollars, others were not.

To identify these companies, I determined the year they achieved $1 billion revenue. By normalizing their market caps to 2004 dollars, the Blueprint Companies were ranked resulting in the ranking of the top 100 shown in Figure 1.6. (Appendix A lists the top 100 Blueprint Companies.)

I was somewhat surprised by where companies ranked on the list as well as such a definitive curve of disproportionate market value created across Blueprint Companies. The very top companies were predominantly technology or biotechnology companies. Microsoft was the number-one Blueprint Company with a normalized market value of $42 billion, followed by Amgen, eBay, Veritas, and Google. At the tail of this chart, companies that achieved $1 billion revenue had market values of $300 million. The median, or the market value of the 193rd company, was $1.8 billion. A secondary insight was the varied mixture of companies by vintage; early

FIGURE 1.6

Disproportionate Value of Blueprint Companies



Source: Standard & Poor's Compustat, Blueprint analysis

1990s companies such as Cisco, as well as new companies such as eBay, had similar superior market values when normalized.

These Blueprint Companies show up as the most highly valued companies on our stock exchanges. If you look on the NASDAQ 100 Index, over 60 percent are Blueprint Companies.

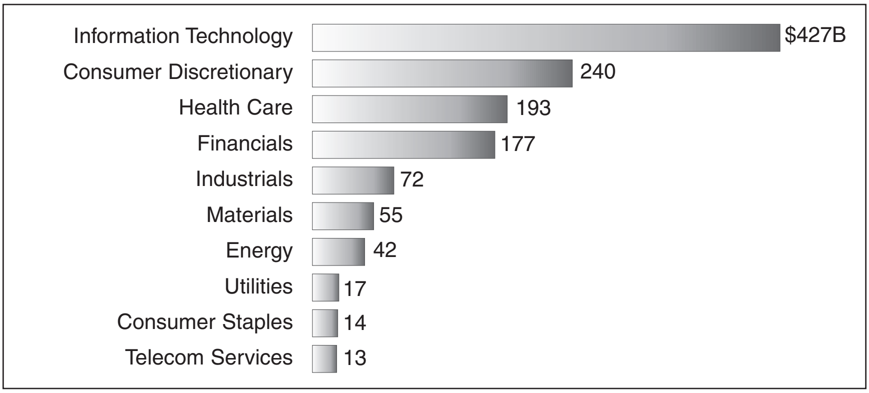
The top 100 Blueprint Companies account for half the market value of all 387 Blueprint Companies—an unbelievable impact from such a few companies.

Why does the Information Technology sector have the cachet it does when it comes to investors? Because it has generated the most value for shareholders (see Figure 1.7). Consumer Discretionary fell in comparison to Information Technology. For a sector (consumer) with 50 percent more Blueprint Companies than Information Technology, you can only conclude that IT companies were valued significantly more than their counterparts in the Consumer sector.

Is there an interesting play for the future to bring technology to

FIGURE 1.7

The Market Value of Blueprint Companies ($B)



Source: Standard & Poor's Compustat, Blueprint analysis

the industries in the Consumer Discretionary sector? To get the best of both: high probability with higher market capitalization? Are you wondering what the smartest investors might have to say about this observation? (If you are looking for this answer, you will enjoy the interview with private equity investor Roger McNamee in Chapter 10.)

Insight: The 7 Essentials to Achieve Exponential Growth

During my tenure as a consultant at McKinsey & Company, I learned that business dynamics can identify the underlying interlinked forces that lead to exponential growth. While it is impossible to model the particular business dynamics for each Blueprint Company, I could determine the dynamic essentials that seemed common to most of them. I call these the *7 Essentials*. These are the essentials necessary to create exponential growth. Despite the diversity of companies and industries, I found these common essentials across the total set of companies and industries that I examined.

To prove that these seven common essentials are unique to Blueprint Companies, I compared companies in the same indus-

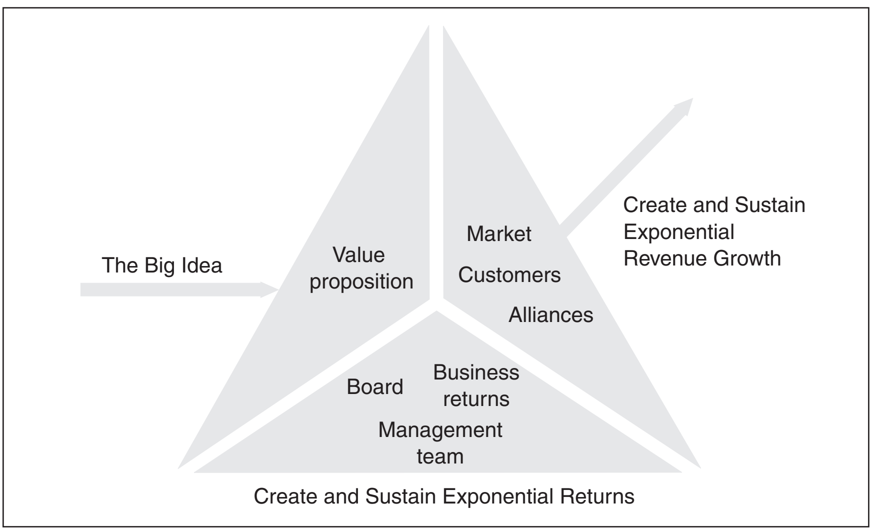
Despite the diversity of corporate histories in different economic sectors, the seven common essentials rose to the surface again and again. Five or more of these seven showed up in over 90 percent of the Blueprint Companies studied. These 7 Essentials are necessary to achieve and sustain exponential growth.

try—one set drawn from the Blueprint list, the other from a group of companies that had the same opportunities but had failed to grow at an exponential rate.

As I presented the Blueprint to CEO roundtables, investors, and management teams, they challenged me to simplify the insights. The insights could not to be too simple, however, for while they might be more easily understood, they might not be convincing. In actual fact, the 7 Essentials are aligned to create financial impact in what I call *The Essentials Triangle*™ framework (see Figure 1.8). The inbound side requires a *Big Idea* or value proposition. To create

FIGURE 1.8

The Essentials Triangle



Source: Blueprint analysis

exponential revenue growth from the Big Idea, there are three essentials required. To capture the opportunity for exponential returns, there are three more essentials required. The framework for these essentials is The Essentials Triangle. Each side of this triangular framework aligns with a company's financial statement.

Blueprint Companies create a Big Idea that delivers breakthrough value for their customers. It is superior to competitors because the company fulfills an unmet need the best way. Not just at the beginning, but all the way to $1 billion revenue. Most companies accept the status quo of their industries. Not Blueprint innovators. They look for blockbuster ideas with quantum leap value propositions.

Blueprint Companies that create and sustain exponential revenue growth give the management team the option to create a business model of exponential returns. Attractive markets, customers, and alliances enable exponential revenue growth. Blueprint Companies use them all to achieve exponential revenue growth.

Blueprint Companies create a business model of exponential returns by managing expenses and investments to deliver positive return on investment (ROI) and cash flow early and consistently. For the technology companies, the role model for exponential returns, I found that cash flow, on average, was a constant percentage of revenue. Therefore, the absolute value of cash flow paralleled the exponential growth of revenue depending on the trajectory—four, six, or twelve years. Cash flow and return on investment are the primary drivers of market value (or shareholder value). To achieve these returns, the management *team* had to execute all seven essentials. No one leader could do them all.

The 7 Essentials of Blueprint Companies are described in the following sections.

1. Create and Sustain a Breakthrough Value Proposition

A value proposition states the benefits customers receive from using a company's products or services in terms that the customer understands.

The best Blueprint Companies not only have compelling value propositions, they have breakthrough value propositions. There are three kinds:

- *Shapers of a New World*, truly create a new market for their products and services.
- *Niche Shapers*, follow New World Shapers with products or services that redefine a specific market segment.
- *Category Killers*, optimize a market by attacking the existing incumbents with a better-faster-cheaper value offer.

A Shaper of a New World would be eBay, Microsoft, Amgen, or Genentech; a Niche Shaper would be Starbucks; and a Category Killer would be Home Depot or Staples that offer lower prices compared to specialized retailers. While I initially thought that the greatest number of Blueprint Companies would be Shapers of a New World, I found over 43 percent of top Blueprint Companies to be either Niche Shapers or Category Killers. This finding counters the notion that most great companies require new innovation waves or eras in order to grow.

2. Exploit a High Growth Market Segment

Opportunities exist in a lot of industries. Some industries have more opportunities than others. Fresh industries such as Biotechnology and Internet Retail spawned multiple Blueprint Companies in the 1990s. However, industries such as Specialty Stores generated the highest number of Blueprint Companies with 18 firms. This occurred because there were multiple market segments to address within this industry: office supplies, teenager fashion, and pet supplies to name a few. Right behind Specialty Stores was Property and Casualty Insurance with 15 companies. There was not one technology industry in the top five, which is astonishing. In contrast, there are numerous cases where a single company arises out of an industry to become the only player to achieve $1 billion in revenues—witness Harley-Davidson. When we interviewed the

CEOs in these top industries, we found a set of lessons that can be applied to companies in any industry. More important, we heard these CEOs indicate that their industries are not expected to be the leaders going forward in terms of generating the equivalent number of new Blueprint Companies. This means that there is an opportunity for other industries to become America's leaders.

3. Marquee Customers Shape the Revenue Powerhouse

Customers can be more than customers. The best of them can serve as an extension of your sales force—they become your most effective sales team! I call these *Marquee Customers*—that is, customers who shape the company by testing and deploying the product, recommending the company to their peers, and simply by providing exponential revenue growth on a per-customer basis. Think of these customers as one of a company's most important assets.

Marquee Customers often exist with consumer companies. For example, eBay's top customers are part of a feedback system that helps shape eBay's new services. These top customers are also a powerful word-of-mouth sales force to attract other customers.

The underlying driver for corporate exponential revenue growth is exponential revenue growth within each Marquee Customer. Maximizing customer lifecycle revenues is fundamental to achieving exponential revenue growth per customer.

4. Leverage Big Brother Alliances for Breaking into New Markets

The complement to Marquee Customers is a Big Brother–Little Brother alliance relationship. These alliances, in which a bigger company helps a smaller one, provide credibility to the Little Brother, give it market intelligence, and lead it to Marquee Customers. It is a two-way street. Big Brothers also need Little Brothers to help them remain on the cutting edge of innovation. During our interviews with the Big Brother Masters, we learned that understanding the win–win motivations between partners can take longer and is more important than their alliance agreement. Surprisingly, we found that Big Brothers find it as difficult finding the right Little Brother as Little Brothers have in trying to get access to the right Big Brother champion.

5. Become the Masters of Exponential Returns

A fairly common management behavior suggests that allocating more resources toward developing and introducing products will solve innovation problems.[4] This often leads to directing too much investment resulting in an overinvestment situation. The technology industries serve to illustrate what it takes to create the highest value per company. To achieve such high market values relative to companies in other industries, they were cash flow positive early and sustained this positive cash flow to $1 billion revenue. I found that shareholder value is maximized by three factors: high revenue and revenue growth, high return on investment, and sustained revenue growth. To maximize shareholder value, a return on invested capital that significantly exceeds the cost of capital is required. Delivering consistent performance across these three factors is the path to success. Blueprint Companies implemented a process for executing, measuring key financial and customer metrics as well as providing the incentive to their organization to achieve exponential returns.

Shareholder returns for being a top-performing Blueprint Company are more than compelling: Blueprint Companies on the four-year trajectory delivered an average of 87 percent returns to their shareholders while exceeding analysts' expectations 80 percent of the time!

6. The Management Team: Inside-Outside Leadership

One of the pivotal essentials that enables the other essentials to be simultaneously executed is a strategic leadership pairing in which one leader (or team) faces outward toward markets, customers, alliances, and the community with the other leader (or team) focusing inward so as to optimize operations. Contrary to the somewhat popular belief that one leader is "the" leader, this Inside-Outside leadership pair is highly prevalent among Blueprint Companies: Microsoft, eBay, Yahoo!, Tractor Supply to name just a few. The inside executive is typically the chief operating officer (COO); the external-facing executive is the chief executive officer (CEO). Together, they manage forward and innovate continuously, whether in product or marketing innovation. They make swift decisions—and quickly correct their mistakes. Most important, they have complete trust in and respect for one another. This pair works to execute all the essentials simultaneously.

Leadership characteristics that distinguished the Inside-Outside pairing include the consistent communication about the company's direction and priorities; consistent values, particularly during defining moments; problem-solving skills; and having a passion to address customers' unmet needs. They are hands-on leaders who care about the business first—not hands off and self-centered.

7. The Board: Comprised of Essentials Experts

Blueprint boards were not packed with investors, as one would think. Blueprint Companies recruited customers, alliance partners, and other Blueprint CEOs on the board and that makes a big difference. I call them *Essentials Experts* because their role is linked to the shaping and execution of one or more of the essentials. Because most investors have not scaled Blueprint Companies to $1 billion

> The bottom line is this: Board composition is a reflection of the execution of the essentials. It is important to balance management and investors board members with outside members who are CEOs, customers, alliance partners, and community members.

revenue, CEOs who happened to be CEOs from Blueprint Companies often were recruited to provide insight into exponential growth. In contrast, boards composed of investors and management tended to be associated with struggling companies.

Linking the Essentials

Do you have to do it all? You may be asking this question and so did many of my initial readers and thought partners. The answer is: yes. This research shows how the Blueprint Companies executed these essentials to average or above levels of performance when compared to their counterparts in the masses that did not make it to $1 billion. Blueprint Companies created explicit processes for executing and linking the 7 Essentials. The creation of these processes was driven from previous experiences, intuitive problem solving, or understanding what success required. Chapter 9 illustrates that what differentiates Blueprint from non-Blueprint Companies is the consistent execution of *all* essentials.

You may be thinking that the Blueprint Companies are just lucky and that is a fair question to be asking. MedImmune's story may be instructive.

MedImmune, Inc., one of the top 100 Blueprint Companies, was at a crossroads in late 1993 with critics pondering its future. The company had invested in the development of a drug, RespiGam, a polyclonal antibody that ultimately proved to be an important advance in preventing hospitalization of high-risk infants from a serious lower respiratory tract disease, Respiratory Syncytial Virus. Unfortunately, the path to success was bumpier than the company liked. Initially, the United States Food and Drug Administration (FDA) did not approve MedImmune's application to market the product. To answer the questions raised by the FDA, MedImmune's management team, led by CEO Dr. Wayne T. Hockmeyer, conducted an additional clinical trial costing millions of additional dollars and taking another year to complete. "The strategy that we pursued was 'bet the farm,'" Dr. Hockmeyer told

The Washington Post at the time.[5] He added that "employees were tense. They were single minded. They were focused. The entire organization hummed."

The company's perseverance with RespiGam paid off, as it did with its concurrent investment in the next-generation product, Synagis, which became the first monoclonal antibody approved by the FDA to prevent an infectious disease. Synagis was approved in the summer of 1998 and went on the market a few months later. A *Washington Post* article the following year called it "one of the most successful new products in the history of the biotech industry."[6] Now a $1-billion-a-year product with sales worldwide, Synagis has proven the *Post's* predictions to be right on. I asked Melvin D. Booth, MedImmune's president and chief operating officer from 1998 until 2004 (when MedImmune went from approximately $100 million to $1 billion in total revenues), about the role of luck:

> MedImmune focused on what I consider to be the top three essentials of great business building: making sure it always had the best team, focusing on delivering leading-edge innovation, and creating a new market for important, unmet medical needs. MedImmune's persistence and hard work, knowledge of the latest scientific advancements, and joint commitment to getting the products approved add proof that the company's ultimate success *was not based just on luck*. The luck MedImmune did have involved such things as being fortunate to have had FDA reviewers that understood the safety and efficacy data submitted for RespiGam and Synagis, which at the time were among the first biological products to be submitted to the agency.

How You Can Apply the Blueprint

You know you are on the right track in solving a problem when the solution that you identify can help solve multiple problems. In other words, you have identified the overarching problem and, in the process, you discover the other interrelated problems. This was one important problem-solving insight that I learned during my consulting career. If solutions for the central problem of exponential growth in business could be found, you could apply the *Blueprint to a Billion*™ approach to many associated problems such as:

- *Strategy*. You can use the Blueprint financial pattern, along with the 7 Essentials, to contribute to shaping the business strategy and strategic initiatives. The Blueprint Companies provide an invaluable set of financial and essentials benchmarks. They are a reference tool to guide your particular situation.
- *Leadership.* The 7 Essentials can help you identify the skills and roles of top-performing leaders, as well as the degree of cross-functional leadership required to become a great company. Also, they can serve as a guide for assessing management teams and roles to ensure that the team is managing all of the essentials for superior performance.
- *Teams.* For either functional or cross-functional teams, these findings can serve as a guide to align their performance or to provide invaluable business context for cross-functional teamwork.
- *Financial Performance.* The financial models explained in this book can serve as a valuable benchmark when planning for growth.
- *Picking the Up-and-Coming Blueprint Companies*. Viewing the highest growth companies through the lens of the Blueprint essentials helps in selecting the best investments (personal or corporate), choosing alliance partners, screening for new customers, supply-chain procurement (vendor selection), and even interviewing for a new employer.
- *Education*. This quantitative approach to business building can be a contribution to corporate and academic education.

The Timeless Blueprint

Over the past three years, as I have presented these Blueprint observations, people ask if I am using the most recent data—as though the pattern changes with this quarter's hot companies or hot sectors. The good news is that the pattern is consistent. With a statistically significant population, outcomes are more a question of frequency versus a unique outcome.

Think of this work as a search for the pattern of those companies that have gone before us. The enduring essentials, linked to financial performance, remain true for building great companies. Unlike a number of other business research efforts, this work is not static. The list of Blueprint Companies naturally evolves. That said, what I hope to prove is that these findings are part of a megatrend. Therefore, 10 years from now, the expectation should be to find a growing number of Blueprint Companies and to see that they executed these same 7 Essentials to achieve exponential growth.

What is new and exciting is that some of today's "hot-growth companies" fit the Blueprint pattern. For example, in the 2004 issue of *BusinessWeek*'s special report on "Hot Growth Companies," the winners identified for highest shareholder return were Blueprint Companies with their two-year returns shown in parentheses: Career Education (184 percent), International Game Technology (142 percent), and Apollo Group (135 percent).[7]

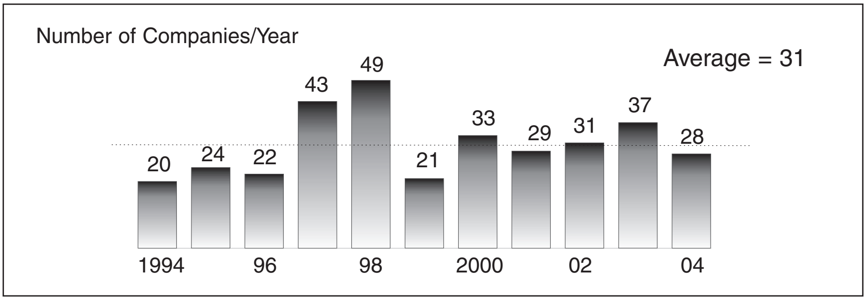
In fact, the United States has been generating Blueprint Companies in good economic times and bad. Looking at the pattern for this timeless consistency, I found that an average of 31 new Blueprint Companies per year has been generated in this country (see Figure 1.9). You may be thinking, as I did, that this average should be highly volatile. During the past five years the pattern has actually been quite consistent! Compared to the pre-2000 period, the United States continues to track with an average of 28 to 37 companies each year. Right in line with the 10-year average of 31.

The United States' challenge is not to sustain the run rate in the low 30s, but to better the 10-year average of 31 companies per year. *The options to address this challenge are that either more companies must be funded or the success rate of funded companies must be improved.*

As you immerse yourself in the coming chapters, keep one key point in mind. This book is not about one unique company, its innovation, time period, innovation era, or the financial returns

FIGURE 1.9

Rate of Blueprint Companies Achieving $1 Billion



Source: Standard & Poor's Compustat, Blueprint analysis

achieved; it is about the common success-based pattern *shared by all*, independent of economic cycle. It is about how you can use the 7 Essentials to better your business, organization, or teams in order to produce exponential growth. It is about executing the 7 Essentials and linking them. It is about taking the actions that matter while avoiding pitfalls.

Can you imagine building a house without a blueprint? A blueprint serves as a common framework for teamwork, terminology, design, linking parts, and as a measure for progress. Whatever you are building, your execution will be enhanced if you employ a blueprint. Whether you aspire to achieve exponential growth or are experiencing it today, the application of the 7 Essentials, which are detailed in the following chapters, should help you achieve enhanced execution.

The book builds these 7 Essentials in a logical order, starting with the Big Idea in the Essentials Triangle framework, so that when you arrive at the Linking the Essentials chapter, Chapter 9, you will have the background and foundation to put it all together. As we transition from this Blueprint Thesis, you will find each essential described with frameworks augmented by illustrations, stories, and interviews by leaders who have created Blueprint Companies.